

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

JUN 24 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the matter of

Wireless Telecommunications Bureau
Seeks Comment on Broadband PCS C
and F Block Installment Payment Issues

Reference DA 97-679

DOCKET FILE COPY ORIGINAL

97-82

Comments of MFRI Incorporated

TABLE OF CONTENTS

- I. Introduction
- II. Background
- III. Comments
- IV. Conclusion

I. Introduction

MFRI Incorporated (MFRI) appreciates the opportunity to provide comments on Broadband PCS C and F Block installment payment issues.

MFRI qualified as a small business for the C Block Auction, where we won BTA 435 (Stroudsburg, PA), and as a very small business for the F Block auction, where we won BTA 435 (Stroudsburg, PA) and BTA 360 (Pottsville, PA). As one of the smaller entrepreneurial companies that obtained licenses through the C and F Block auctions we feel we can provide useful comments and perspective regarding installment payment issues.

II. Background

MFRI is actively working to build a Personal Communication Services (PCS) network in the three BTAs in which we have licenses. We anticipate providing a state of the art digital wireless communications system for the consumers in the markets we own. This network will provide consumers in our markets with high quality decently priced wireless communications of the highest quality sooner rather than later.

We anticipate providing comprehensive service much sooner than our larger A and B Block competitors will in the markets that we cover. This will be very much in the spirit in which the entrepreneurial blocks were developed.

MFRI is a founding member of the National Association of PCS Entrepreneurs (NAPE). We fully support the position that the NAPE Board of Directors presented to the FCC on June 11th, 1997.

III. Comments

The FCC should be commended for pro-actively addressing the potentially contentious installment payment issues. We intend to limit our comments to three specific areas: uniform rules, security agreement structure, and modification of installment payment terms.

At a minimum the FCC should maintain uniform rules for the entire C and F Block entrepreneurial community. Uniform rules are the fairest way to deal with a diverse community in which the members of that community do not all have the same legal and regulatory contact and resources. A level playing field will encourage entrepreneurs to innovate and allow the most efficient companies to succeed in the marketplace.

A vexing problem that MFRI has experienced is the response of lenders to the terms and conditions made part of the security agreement and note that secures the C and F Block licenses. According to several lenders whom we have spoken with, these agreements make it impossible to use the licenses as collateral for equipment or

operating loans. This diminishes the value of the licenses. MFRI would like to encourage the FCC to actively explore alternate language, terms and conditions in the security agreements and notes thereby allowing the licenses to be used to obtain additional financing for C and F Block Companies.

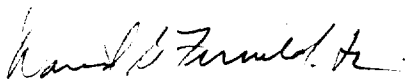
MFRI believes that modification of the installment payment terms will do the most to promote success of the C and F Blocks and hence promote the general welfare of the telecommunications consumer. The C and F Block winners are actively working to provide consumers in the smaller markets the competitive communications services that are desperately needed in these markets. However, making quarterly interest payments before having significant income puts additional constraints on the amount of capital that can be used to deploy PCS networks. If The FCC truly wants to promote service and choice for consumers then this goal can be assisted by modifying the installment payment terms. Continuing the present payment moratorium or modifying the payment terms to include a period where no payments are due will free capital to be used to build and operate PCS networks.

The modification proposed by NAPE in their Position Paper of May, 1997 is an excellent idea. This proposal to "restructure the C and F Block financial obligations for license payments by suspending all payments due until the end of the fifth year of license (coupled with strict enforcement of network build-out requirements); with the balance of principal and interest paid over the remaining five years of license." would allow scarce capital to be utilized in the building and operating of PCS Networks for the first five years. This will result in successful companies that will be able to make the required payments to the FCC and provide consumers with the choices they deserve.

IV. Conclusion

The FCC should maintain uniform rules for the entire C and F Block entrepreneurial community. At a minimum the FCC should modify the installment payment terms to those proposed by NAPE

Respectfully submitted,



David G. Fernald, Jr.

President

MFRI Inc.

110 Washington St.

East Stroudsburg, PA 18301